

SIR-IC-NLH-015
NLH 2013 Second Interim Rates Application

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1 Q. Under the assumption that the existing (forecast) segregated load variation balance
2 is ordered by the Board to be allocated to customer balances as at December 31,
3 2013 as well as June 30, 2014 on an interim basis using the proposed approach in
4 Hydro's GRA application (i.e., by load ratios), please provide the calculations of the
5 revised IC and NP riders that would be applicable as of July 1, 2014.

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7

8 A. The IC and NP RSP rates that would be applicable as of July 1, 2014¹ based on
9 revised RSP balances for December 31, 2013 for the IC and March 31, 2014 for NP
10 are summarized below. Attachments 1 and 2 to this response provide the
11 supporting calculations for the revised current balance riders.

12

	Proposed (mills/kWh)	Revised (mills/kWh)
Newfoundland Power		
Current Balance	(5.51)	(7.99)
Fuel Rider	15.26	15.26
Total RSP Rate	9.75	7.27
Industrial Customers		
Current Balance	1.68	0.35
Fuel Rider	14.90	14.90
Total RSP Rate	16.58	15.25

¹ Per the RSP rules, the NP RSP adjustment rate is effective July 1, 2014 and the IC RSP adjustment rate is effective January 1, 2014. Hydro has proposed that the IC current plan RSP rate become effective July 1, 2014 in its Second Interim Rates Application.

NEWFOUNDLAND AND LABRADOR HYDRO
IC RATE STABILIZATION PLAN ADJUSTMENTS
SIR-IC-NLH-015 Scenario

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2014

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
<u>Current Plan</u>			
1	December Balance (Revised)	\$ 116,984	
2	Adjustment	\$ -	
3	December Balance less load variation & interest	\$ 116,984	Line 1 minus Line 2
4	Forecast Financing Costs to December 31, 2013	\$ 4,640	Line 25
5	Total	\$ 121,624	Line 3 plus Line 4
6	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	divided by	351,353,424 December RSP 2013
7	(mills per kWh)		0.35 Line 5/Line 6*1000
8	Fuel Price Projection Rider		
9	Industrial Fuel Price Projection	\$ 5,236,905	Industrial Filing Oct 2013
10	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	divided by	351,353,424 December RSP 2013
11	(mills per kWh)		14.90 Line 8/Line 9*1000
	Total Current Plan (mills per kWh)		15.25 Line 7 plus Line 10
	Industrial RSP Adjustment Rate		15.25 Line 11

Industrial Customer Forecast Financing Charges
2014

	2007 Test Year Weighted Average Cost of Capital per annum	7.529%			
	Nominal Financing Rate	7.281%			
	Sales kWh	Financing Costs	Total To Date Balance		
12	Balance Forward		116,984		
13	January	31,612,740	710	(11,064)	106,629
14	February	25,864,750	647	(9,053)	98,224
15	March	30,955,597	596	(10,834)	87,985
16	April	32,198,035	534	(11,269)	77,250
17	May	31,721,670	469	(11,103)	66,616
18	June	27,547,154	404	(9,642)	57,379
19	July	21,332,877	348	(7,467)	50,260
20	August	29,286,623	305	(10,250)	40,315
21	September	28,595,423	245	(10,008)	30,551
22	October	24,799,284	185	(8,680)	22,057
23	November	33,552,362	134	(11,743)	10,447
24	December	33,886,909	63	(11,860)	(1,350)
25	Total	351,353,424	4,640	(122,974)	

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NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN FUEL PRICE PROJECTION RIDER
No. 6 0.7% Sulphur Fuel Price Projection
Utility Customer
SIR-IC-NLH-015 Scenario

Line**No Calculation of Utility RSP Rate**

	Amount	Comments
1 March Fuel Price Projection	\$ 105.60	From Page 2
2 2007 Test Year Fuel Forecast Price	\$ 55.40	
3 Forecast Fuel Price Variance	<u>\$ 50.20</u>	Line 1 - Line 2
4 2007 Test Year No. 6 Barrels Consumed	1,878,188	From Line 41
5 Forecast Fuel Variance	<u>\$ 94,285,038</u>	Line 3 x Line 4
6 Utility Customer Allocation Ratio for March	93.84%	From Line 8
7 Utility Customer Allocation	<u>\$ 88,477,079</u>	Line 5 x Line 6

Calculation of Customer Allocation

	kWh	Percent of Total	Allocation of Rural	Total
8 12 months to date (Apr 2013-Mar 2014) Utility Sales	5,796,147,497	87.52%	6.32%	93.84%
9 12 months to date (Apr 2013-Mar 2014) Industrial Customer Sales	357,155,092	5.39%	0.00%	5.39%
10 12 months to date (Apr 2013-Mar 2014) Bulk Rural Energy	469,518,334	7.09%	-7.09%	0.00%
11 Total	<u>6,622,820,923</u>			

Calculation of Utility Customer RSP Rate

	Amount	Comments
12 Utility Allocation March	\$ 88,477,079	From Line 7
13 12 months to date Utility Sales (kWh)	<u>5,796,147,497</u>	From Line 8
14 Fuel Projection Rider (mills per kWh)	<u>15.26</u>	Line 12/Line 13 x 1000
15 March Balance (Revised)	\$ (56,874,565)	
16 Forecast Financing Costs	\$ (2,834,928)	From Line 38
17 Forecast Recovery to June 30	<u>\$ 13,426,103</u>	Lines 23 to 25
18 Total to be recovered	<u>\$ (46,283,389)</u>	Lines 15 to 17
19 12 months to date (Apr 2013-Mar 2014) Utility Sales	5,796,147,497	From Line 8
20 Balance Rate (mills per kWh)	(7.99)	Line 18/Line 19 x 1000
21 RSP Adjustment Rate (mills per kWh)	7.27	Line 14 + Line 20

Utility Forecast Recovery

2013 - 2014

2007 Test Year Weighted Average Cost of Capital per annum	7.529%
Nominal Financing Rate	7.281%

	Sales kWh	Financing Costs	Adjustment	Total To Date Balance
22 Balance Forward				\$ (56,874,565)
23 April	493,810,883	\$ (345,086)	\$ 5,436,858	(51,782,793)
24 May	387,912,808	(314,192)	4,270,920	(47,826,065)
25 June	337,722,526	(290,185)	3,718,325	(44,397,925)
26 July	298,446,496	(269,384)	2,383,155	(42,284,155)
27 August	294,706,004	(256,559)	2,353,286	(40,187,428)
28 September	293,845,194	(243,837)	2,346,412	(38,084,853)
29 October	405,323,940	(231,080)	3,236,592	(35,079,341)
30 November	498,223,042	(212,844)	3,978,410	(31,313,774)
31 December	711,965,166	(189,996)	5,685,183	(25,818,587)
32 January	701,822,280	(156,654)	5,604,190	(20,371,051)
33 February	668,138,074	(123,601)	5,335,215	(15,159,437)
34 March	704,231,084	(91,980)	5,623,425	(9,627,992)
35 April	493,810,883	(58,418)	3,943,178	(5,743,232)
36 May	387,912,808	(34,847)	3,097,561	(2,680,518)
37 June	337,722,526	(16,264)	2,696,781	(1)
38 Total	<u>\$ (2,834,928)</u>	<u>\$ 59,709,492</u>		

2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) and Abitibi Consolidated (Grand Falls) Load

39 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood	2,467,396
Less: Reduction in Test Year Barrels of No. 6 Fuel approved	
in Board Order No. P.U. 11 (2008) to reflect reduction in	
40 CBPP load and in compliance with Board Order No. P.U.22 (2009).	(589,208)
41 Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood	<u>1,878,188</u>

NEWFOUNDLAND AND LABRADOR HYDRO
Fuel Price Projection
As at March 31, 2014

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	\$/bbl
PIRA Forecast \$ US/bbl ⁽¹⁾	
July	103.55
August	105.00
September	103.06
October	97.79
November	95.10
December	92.30
January	92.50
February	91.01
March	90.30
April	90.40
May	90.65
June	91.94
Average \$US/bbl ⁽²⁾	95.30
NLH TestYear Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$95.08
Can\$/US\$ Noon Exchange Rate ⁽³⁾	<u>1.1107</u>
NLH Fuel Price Projection (\$Can/bbl) ⁽²⁾	<u>\$105.60</u>

Notes:

- (1) The forecast for July to June is based on the PIRA Energy Group, World Oil Market Forecast, dated March 25, 2014.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of March 2014, rounded to 4 decimal places.